



## COLUMBIA COUNTY BOARD OF COUNTY COMMISSIONERS AGENDA ITEM REQUEST FORM

The Board of County Commissioners meets the 1st and 3rd Thursday of each month at 5:30 p.m. in the Columbia County School Board Administrative Complex Auditorium, 372 West Duval Street, Lake City, Florida 32055. All agenda items are due in the Board's office one week prior to the meeting date.

Today's Date: 6/12/2020 Meeting Date: 6/18/2020

Name: Ben Scott Department: BCC Administration

Division Manager's Signature:

A handwritten signature in blue ink, appearing to be "Ben Scott", written over a light blue horizontal line.

### 1. Nature and purpose of agenda item:

Introductory Presentation Regarding Proposed Issuance of Conduit Revenue Bonds for Belmont Academy Charter School

### 2. Recommended Motion/Action:

None.

### 3. Fiscal impact on current budget.

This item has no effect on the current budget.

**COLUMBIA COUNTY, FLORIDA  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY**

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**MEETING DATE:** June 18, 2020

**SUBJECT:** Introductory Presentation Regarding Proposed Issuance of Conduit Revenue Bonds for Belmont Academy Charter School

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**RECOMMENDATION/REQUIRED ACTION:** None. This is purely an informational presentation regarding a forthcoming application and request by Belmont Academy Charter School for conduit revenue bond financing through Columbia County for the purposes stated below.

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**BACKGROUND SUMMARY:** Chapter 159, Florida Statutes permits counties to serve as "conduit issuers" of revenue bonds on behalf of non-governmental borrowers for purposes of financing and refinancing certain types of capital projects, including projects for educational facilities such as public charter schools. Conduit revenue bonds are issued in the name of the conduit issuer but are solely secured by loan payments and other pledged collateral of the non-governmental conduit borrower. The primary purpose of a conduit financing is to qualify for a federal tax-exemption on the interest earned by the lender on the underlying loan pursuant to certain provisions of the federal tax code. The benefit of the lender's tax-exemption is passed along to the conduit borrower by virtue of a lower interest rate on the loan, as the lender can charge the lower rate and still maintain the same yield by virtue of not owing federal taxes on the interest earned. Conduit issuers are fully indemnified and protected from any financial or legal liability with respect to both the lending transaction represented by the revenue bonds and the projects/facilities being financed or refinanced thereby. Approval and issuance of such conduit revenue bonds has no impact on the credit rating of the conduit issuer or its current debt. If the conduit borrower were to default on the bonds, the conduit issuer would be under no obligation to pay any amounts owed and none of its revenues or property would be available to any of the conduit borrower's creditors.

Belmont Academy Charter School (the "School") is a tuition free, public charter school serving students in pre-kindergarten through twelfth grade that has been an "A" rated high performing charter school since its inception in 2014. The School is operated by Belmont Academy, Inc., a Florida not-for-profit corporation ("Belmont") pursuant to a charter with The School Board of Columbia County running through July 31, 2032.

Belmont has identified certain capital needs and secured a commitment for a term loan for principal purposes of (i) refinancing certain existing indebtedness of Belmont previously incurred to finance certain capital expenditures to or for the School and (ii) financing the costs of the acquisition, construction, renovation, installation and equipping of an expansion project at the School, among other related costs.

Belmont intends to submit an application for conduit financing to County staff requesting the County act as a conduit issuer of revenue bonds with regards to the proposed debt described above. The application will request the County hold a public hearing as required by federal tax law and approve a resolution authorizing the issuance of conduit revenue bonds and delegating certain related authority to County officials and staff at its regularly scheduled July meeting.

In anticipation of submitting such application, Belmont has asked the Board to provide an introductory overview of its request and will make itself and its representatives available to answer any preliminary questions with respect to both the issuance of conduit revenue bonds on its behalf, and the project it intends to undertake at the School with the proceeds thereof.

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**FISCAL IMPACT:** None. No action is requested by the Board at this time.

If the Board were to eventually approve and issue conduit revenue bonds on behalf of Belmont, the bonds would be secured solely by and from payments made by Belmont pursuant to a financing agreement and other financing documents to be executed prior to or contemporaneously with the issuance of such bonds. Neither the bonds nor the interest thereon would be an indebtedness of, or a pledge of, the taxing power or any other revenues of the County, the School District of Columbia County, Florida, the State of Florida, or any political subdivision or agency thereof but would be special and limited obligations of the County payable solely from Belmont's payments identified above. The bonds would be secured by a pledge of and lien on Belmont's assets and revenues, including a first mortgage on its land and facilities.

The bonds would not have any impact on the credit rating or financial status of the County. There is no fiscal impact to the County other than the revenue it would receive from Belmont constituting payment of any conduit bond application fee charged by the County. All costs and expenses associated with the bonds, including, but not limited to, the fees and expenses of the County Attorney, would be paid by Belmont.

## **EXPENSE AND INDEMNITY AGREEMENT**

Columbia County, Florida

Ladies and Gentlemen:

The undersigned (the "Applicant") has requested Columbia County, Florida (the "County"), to consider its application for the issuance of the Bonds referred to below (the "Bonds") for the benefit of the Applicant and as an inducement to such consideration hereby agrees with the County as follows:

Section 1. Payment of Expenses. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to pay and be liable for, and to hold the County harmless against the payment of any and all expenses relating to the Bond issue, including, without limitation, administrative charges and out-of-pocket expenses, recording charges, expenses of printing offering circulars or official statements, and the cost of printing the Bonds and advertising the sale thereof and expenses of registering the Bonds with the securities commission of any state. The fees of the County's administrative staff and legal advisor shall be payable only if the Bonds are issued and delivered, but the Applicant shall in all events be liable for the payment of the disbursements and out-of-pocket expenses of such personnel. [It is further agreed that the applicant fee is a separate fee, which shall not be used for the payment of the expenses delineated herein.]

Section 2. Indemnity. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to indemnify the County, and each of its members, officers, agents, attorneys or employees against any and all claims and liability of whatsoever nature arising out of the Bond issue, including without limitation, claims based upon actual or alleged misrepresentation, fraud or other tortuous conduct or breach of contractual relationships, whether predicated upon federal or state statutes, common law, principles of equity or otherwise, excepting only claims based upon willful misfeasance or nonfeasance by the County, or its members, officers, agents, attorneys or employees. In furtherance of the foregoing the Applicant agrees to pay any and all attorney's fees and court costs incurred in the defense of any of the claims here above enumerated upon the County's written demand thereof. It is further understood and agreed that the County or any of the persons here above indemnified shall be entitled to retain counsel acceptable to the County or them to defend any claim, but that neither the County nor any such person will enter into any settlement of the same without the prior written approval of the Applicant. It is further understood that the County will give reasonable notice to the Applicant of the pendency of any such claims or liability and the Applicant shall have the opportunity to recommend counsel for selection by the County or its members. The actual selection of counsel, however, will be solely within the discretion of the County or its members.

Section 3. Survival of Agreement. This Agreement shall survive the closing of the Bond issue and shall not merge into or be superseded by any other agreement other than by a written amendment hereto specifically denominated as such and executed by the County and the Applicant.

Date: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_



## COLUMBIA COUNTY, FLORIDA

### APPLICATION FOR CONDUIT FINANCING

**All of the following information must be provided in the spaces below or, if necessary, on additional pages**

#### A. COMPANY INFORMATION:

1. Applicant Name: \_\_\_\_\_  
\_\_\_\_\_
2. Name of Owner and Operator of the proposed project for Inducement/TEFRA Resolution if different from Applicant: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Type of Entity (e.g., Florida corporation, Limited Partnership, Not-for-profit, etc.): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
5. State of Incorporation, if a corporation: \_\_\_\_\_
6. Tax Identification Number: \_\_\_\_\_
7. Contact Person: \_\_\_\_\_
8. Telephone and fax: \_\_\_\_\_
9. E-Mail address: \_\_\_\_\_
10. E-Document Link: \_\_\_\_\_



## COLUMBIA COUNTY, FLORIDA

### APPLICATION FOR CONDUIT FINANCING

#### B. PROJECT INFORMATION:

##### 1. FOR NEW CONSTRUCTION PROJECT

(a) Project Description: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) Location and Approximate Acreage and, if the real property is part of a larger parcel of property, please clearly note that such is the case: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(c) Parcel ID Number: \_\_\_\_\_

(d) Describe Neighborhood Characteristics (residential, commercial, housing, recreational, economic, etc.) and land usage of all property bordering project site: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(e) Does the current land use and zoning permit the proposed development at the proposed density? Yes ( ) No ( ) If no, explain: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(f) What is the current zoning on the property? \_\_\_\_\_

\_\_\_\_\_



## COLUMBIA COUNTY, FLORIDA

### APPLICATION FOR CONDUIT FINANCING

- (g) Is all property in the County Limits? Yes \_\_\_\_ No \_\_\_\_
- (h) Is platting required for your building permit? If so, where are you in the process and what is your expected approval date? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (i) If Applicant now owns the project site, indicate:
- (i) Date of purchase \_\_\_\_\_
- (ii) Purchase Price \_\_\_\_\_
- (iii) Balance of existing mortgage \_\_\_\_\_
- (iv) Holder of mortgage \_\_\_\_\_
- (j) If the Applicant is not now the owner of the project site, does the Applicant have an option or contract to purchase the site and any buildings on the site? If yes, indicate:
- (k) Date option agreement or contract signed with owner \_\_\_\_\_
- (l) Purchase Price \_\_\_\_\_
- (m) Expiration or settlement date \_\_\_\_\_
- (n) If Applicant will not be the owner of the project site, describe lease or other use arrangement:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (o) Current owner of the site of the project, and the relationship between the legal owner and the Applicant: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





## COLUMBIA COUNTY, FLORIDA

### APPLICATION FOR CONDUIT FINANCING

- (p) Has construction work on this project begun? \_\_\_ Yes \_\_\_ No
- (q) List principal items or categories of equipment to be acquired as part of the project and estimated cost. \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

- (r) Proposed Project Schedule (subject to County's approval)

Activity	Date
County adopts Inducement/TEFRA Resolution Obtain	_____
Credit Enhancement/Bond purchase commitment All	___
necessary local approvals	_____
Final site plans & architectural drawings	_____
Real estate closings	_____
Issue Bonds/Loan	_____
Start construction or rehabilitation	_____
Complete construction or rehabilitation	_____

### 2. FOR REFUNDING OF EXISTING DEBT

- (a) Provide details of debt that is being refunded:
- (i) Issuer
  - (ii) Debt service schedule for remaining debt
  - (iii) Detailed information (loan documents, offering documents) of debt being refunded (Upload to ShareFile website as determined: Refer to A (10))



## COLUMBIA COUNTY, FLORIDA

### APPLICATION FOR CONDUIT FINANCING

#### C. FINANCING INFORMATION

##### 1. Please provide the sources of financing and status:

<u>Sources:</u>	<u>Amount</u>	<u>Status of Financing Sources</u>
Bond/loan Issue-Tax Exempt	\$ _____	_____
Bond/loan Issue-Taxable	\$ _____	_____
Company Contribution	\$ _____	_____
Others:*	\$ _____	_____
Total funding sources	\$ _____	_____

\*Specify: \_\_\_\_\_

##### 2. Please indicate estimated project costs below:

<u>Purpose:</u>	<u>Amount</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total project costs	\$ _____

##### 3. Please describe the proposed bond structure:

Estimated issue size: \_\_\_\_\_

Final Maturity: \_\_\_\_\_

Public or Private Sale: \_\_\_\_\_

If Private Sale, Name of Purchaser: \_\_\_\_\_



## COLUMBIA COUNTY, FLORIDA

### APPLICATION FOR CONDUIT FINANCING

If Public Sale, Name of Underwriter: \_\_\_\_\_

Credit enhancement, if applicable: \_\_\_\_\_

Has loan or credit enhancement been finalized/approved? \_\_\_\_\_

Contact person from Purchaser, Underwriter or Credit Enhancement institution: \_\_\_\_\_

\_\_\_\_\_

Variable Rate: Yes ( ) No ( ) Describe: \_\_\_\_\_

Fixed Rate: Yes ( ) No ( )

#### D. IMPACT ON COLUMBIA COUNTY, FLORIDA

1. Describe in detail the nature and extent of the impact of the proposed project in the County, including:

(a) Impact upon economic growth of the County: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) Number of permanent jobs to be created (include estimated annual payroll): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(c) Number of permanent jobs retained (include estimated annual payroll): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## COLUMBIA COUNTY, FLORIDA

### APPLICATION FOR CONDUIT FINANCING

- (d) Increase of tax base
- (i) Estimated value of property to be added to tax rolls: \_\_\_\_\_  
\_\_\_\_\_
- (ii) Estimated annual property tax to be generated by the project: \_\_\_\_\_  
\_\_\_\_\_
- (iii) Estimated other taxes/franchise fees, if any, to be generated by the project: \_\_\_\_\_  
\_\_\_\_\_
- (e) Estimated number of families and businesses which must be displaced, if any: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (f) Other ways in which the project will affect the economic prosperity and general welfare of the County and its people: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (g) The extent to which local resources, manpower and businesses will be used in the construction, operation and maintenance of the project. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## COLUMBIA COUNTY, FLORIDA

### APPLICATION FOR CONDUIT FINANCING

2. Identify what public facilities, if any, including utilities and public services must be provided to the project during construction, operation, repair and maintenance thereof:\_\_\_\_\_

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#### E. OTHER INFORMATION

1. Do you presently have an application for this project submitted elsewhere or has this project been denied financing elsewhere?\_\_\_\_\_

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2. How many and what type of projects have you completed in the County? \_\_\_\_\_

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3. How many and what type of projects have you completed in the other Florida communities?\_\_\_\_\_

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4. Proposed Architect:

Firm:\_\_\_\_\_ Phone:\_\_\_\_\_

Contact Person:\_\_\_\_\_

5. Proposed Contractor:

Firm:\_\_\_\_\_ Phone:\_\_\_\_\_

Contact Person:\_\_\_\_\_

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## COLUMBIA COUNTY, FLORIDA

### APPLICATION FOR CONDUIT FINANCING

6. Company Attorney:

Firm: \_\_\_\_\_ Phone: \_\_\_\_\_

Contact Person: \_\_\_\_\_

7. Proposed Underwriter/Purchaser/Credit Enhancer:

Firm: \_\_\_\_\_ Phone: \_\_\_\_\_

Contact Person: \_\_\_\_\_

8. Primary Bank:

Firm: \_\_\_\_\_ Phone: \_\_\_\_\_

Contact Person: \_\_\_\_\_

9. Guarantor:

Firm: \_\_\_\_\_ Phone: \_\_\_\_\_

Contact Person: \_\_\_\_\_

10. Certified Public Accountant:

Firm: \_\_\_\_\_ Phone: \_\_\_\_\_

Contact Person: \_\_\_\_\_

11. Financial Advisor:

Firm: \_\_\_\_\_ Phone: \_\_\_\_\_

Contact Person: \_\_\_\_\_

12. Bond Counsel

Firm: \_\_\_\_\_ Phone: \_\_\_\_\_

Contact Person: \_\_\_\_\_



## **COLUMBIA COUNTY, FLORIDA**

### **APPLICATION FOR CONDUIT FINANCING**

#### **F. INFORMATION TO BE PROVIDED**

The following information should be provided with the application:

- (1) Articles of Incorporation
- (2) Bylaws
- (3) List of current officers and directors
- (4) Organizational Chart
- (5) Financial Statements (audited if available) for the last 3 fiscal years

[The application fee for this request is \$\_\_\_\_\_ and any financial advisor fees and attorney's fees incurred by the County related to the application.]

The undersigned \_\_\_\_\_ of the Applicant certifies that the information in this application is true, accurate and complete.

Signature\_\_\_\_\_

Date:\_\_\_\_\_

\_\_\_\_\_  
Title